
Report To:	Trustees of Council's Charities	Date:	02 June 2016
Report By:	Honorary Treasurer	Report No:	FIN/64/16/AP/CM
Contact Officer:	Matt Thomson	Contact No:	01475 712223
Subject:	Accounts of Charitable Trust		

1.0 PURPOSE

1.1 The purpose of this report is to ask the trustees:

- a) To adopt the annual accounts of SC019228 Lady Alice Shaw Stewart Memorial Fund and approve its filing with the Office of the Scottish Charity Regulator.
- b) To consider the audit findings report [ISA260] submitted by Grant Thornton for this charity.

2.0 SUMMARY

- 2.1 The Annual Accounts for the year ended 31 March 2016 are to be submitted to the Office of the Scottish Charity Regulator (OSCR) by the statutory deadline of 31 December 2016 (no later than 9 months after the financial year end). OSCR requires that the charity trustees approve the annual accounts and sign and date the annual report and balance sheet.
- 2.2 The independent audit of the accounts of the Lady Alice Shaw Stewart Memorial Fund has been completed by Grant Thornton, the approved auditor of Inverclyde Council. A full audit is required to be carried out by the appointed auditor of the local authority following guidance from Audit Scotland regarding the requirements of the Local Government (Scotland) Act 1973. The auditor's report confirms that the Trustees' Annual Report and Financial Statements give a "true and fair view".
- 2.3 Grant Thornton have submitted a report of their audit findings. Pages 2 and 3 of the report provide their review of the financial statements. No control weaknesses are identified. The draft accounts were of a good quality and no errors were found.

3.0 RECOMMENDATIONS

3.1 It is recommended that the trustees:

- a) Review and adopt the Annual Accounts for the above charity for the year ended 31 March 2016 and approve its onward transmission to OSCR.
- b) Note the findings in Grant Thornton's audit report.

4.0 BACKGROUND

- 4.1 This is the last remaining charitable trust of the Council. OSCR has approved the re-organisation scheme to transfer all assets to Action for Children. Officers will prepare a formal agreement with Action for Children to secure their commitment to utilise the funds to (i) continue provision of a support/mentoring service to women in Inverclyde involved in offending (by way of one and a half dedicated practitioner posts for a one-year period) and (ii) continue to administer small awards scheme of the type currently in place to assist individual female service users in their rehabilitation. The agreement will then be novated to Inverclyde Council and the trust wound up and removed from the Scottish Charity Register.

5.0 IMPLICATIONS

5.1 Finance

There are no financial implications arising from this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

5.2 Legal

Officers in Legal Services will secure the formal agreement of Action for Children to the utilisation of the funds in the manner outlined in 4.1 above prior to the winding up of the trust.

5.3 Human Resources

There are no human resources implications arising from this report.

5.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

5.5 Repopulation

There are no repopulation implications arising from this report.

6.0 CONSULTATIONS

6.1 The Head of Property and Legal Services has been consulted about the matters in this report.

7.0 LIST OF BACKGROUND PAPERS

7.1 None.

Lady Alice Shaw Stewart Memorial Fund

Audited Annual Report and Financial Statements

For the Year to 31 March 2016



Scottish Charity Number SC019228



Lady Alice Shaw Stewart Memorial Fund

Contents

Trustees' Annual Report	3-5
Report by Independent Auditor	6-7
Statement of Financial Activities	8
Balance Sheet	9
Notes to the Accounts	10-12

The Elected Members of the Council are the trustees. The Chief Financial Officer of Inverclyde Council in his role as the treasurer of the charity is responsible for making arrangements for the proper administration of the trust's financial affairs and reports to the trustees.

Lady Alice Shaw Stewart Memorial Fund was established under a minute of agreement dated 3 July 1947 between the Trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock.

The Committee handed over the capital sum of £1,923 upon the winding up of the Branch. Female prisoners no longer served their sentences in HM Prison in Greenock and the purpose of the Branch could not be carried out. The officers of the Corporation undertook to utilise the funds for purposes similar or akin to the purpose of the Branch.

The funds were to be designated thereafter "Lady Alice Shaw Stewart Memorial Fund" in memory of Lady Alice of Ardgowan who died in January 1942.

During her life, Lady Alice set up benevolent societies for the army, navy and air force, had been awarded the CBE, and was a Justice of the Peace. She was active in the Greenock School Board and a primary school in Greenock was named after her in which local children are educated to this day.

Interest on the capital sum was to be used to "give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock."

Following the closure of the women's prison in Greenock, payments from the Trust fell into abeyance. In recent years, a revived scheme was introduced under which a limited number of small award payments were made by the trustees in cases recommended by the Criminal Justice Social Work Service.

Officers from that service worked closely with Action for Children, a national charity with strong local links, in the provision of support services for women involved in offending.

At the meeting of 9 October 2015, trustees took the decision to transfer all assets to Action for Children, having regard to the financial, administrative and regulatory burdens involved with the continuation of the Memorial Fund, in order that funds be put to more effective use in the assistance and rehabilitation of women offenders in the Inverclyde area.

OSCR approved the re-organisation scheme in February 2016. A full and final transfer of all assets will be made in 2016-2017.

Lady Alice Shaw Stewart Memorial Fund
Trustees' Annual Report
For the Year to 31 March 2016

The trustees present their annual report together with the financial statements for the year to 31 March 2016.

Reference and administrative information

- Charity Name Lady Alice Shaw Stewart Memorial Fund
- Charity Number SC019228
- Principal Address C/o Inverclyde Council, Municipal Buildings,
Clyde Square, Greenock, PA15 1LY

Current trustees

- Provost Robert Moran, Chair
- Councillor Ronnie Ahlfeld
- Councillor Martin Brennan
- Councillor Keith Brooks
- Councillor Math Campbell-Sturgess
- Councillor Jim Clocherty
- Councillor Gerry Dorrian
- Councillor Jim Grieve
- Councillor Vaughan Jones
- Councillor Terry Loughran
- Councillor Stephen McCabe
- Councillor James McColgan
- Councillor Michael McCormick
- Councillor Chris McEleny
- Councillor Joe McIlwee
- Councillor Jim MacLeod
- Councillor Innes Nelson
- Councillor Luciano Rebecchi
- Councillor Kenny Shepherd
- Councillor David Wilson

Other trustees who served during the year

- None

Honorary Secretary

- Role fulfilled by officers in Inverclyde Council's Legal and Property Services

Honorary Treasurer

- Role fulfilled by Alan Puckrin CPFA, Chief Financial Officer

Bankers

- All monies are held and managed by Inverclyde Council.

Structure, Governance and Management

Governing Document

The legal name of the charity is Lady Alice Shaw Stewart Memorial Fund. The trust is an unincorporated Scottish charity governed on the basis of the available evidence of its constitution, a minute of agreement dated 3 July 1947 between the trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society and the Corporation of Greenock, and as approved by the Policy and Strategy Committee of 6 August 1996. Grants are made in accordance with the terms of the charity.

Appointment of Trustees

The councillors of Inverclyde Council are assumed as trustees on their appointment to the Council. Councillors receive training on the responsibilities of being a charity trustee and the accounts of the trust.

Organisational Structure

The trustees (as the elected members of the council) meet once a year at the AGM to consider and adopt the annual report and financial statements. Trustees consider the income and expenditure levels during the financial year and that suitable arrangements are in place to manage the remaining funds of the trust. The trustees delegate the day to day administration of the charities to officers of the Council.

The Council provides all administrative support to the charity including financial, legal and secretarial support and deals with any applicants on behalf of the charity. The Council also administers any payments from the charity.

The Council makes a charge for these services as agreed by trustees at a meeting of 3 December 2009.

Related Parties

Trustees hold this position because they are elected councillors of Inverclyde Council. Inverclyde Council provides support services to the trust.

Management of Funds and Investment Policy

The trustees rely upon the expertise of officers of Inverclyde Council to manage the investments to ensure the maximum return at least risk to the charity.

Finance Services of Inverclyde Council have taken the steps required by charity trustees under the Charities and Trustee Investment (Scotland) Act 2005 and Charities Accounts (Scotland) Regulations 2006 for the reporting period. The funds of the charity are deposited with Inverclyde Council and receive interest at the average market rate for the Council's borrowing. The interest received from Inverclyde Council is shown in the Statement of Financial Activities.

Objects and Activities

Objects

Its charitable object is "interest on the capital sum is to be used to give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock".

At the meeting of 9 October 2015, trustees took the decision to transfer all assets to Action for Children, having regard to the financial, administrative and regulatory burdens involved with the continuation of the Memorial Fund, in order that funds be put to more effective use in the assistance and rehabilitation of women offenders in the Inverclyde area.

Activities

The charity makes grants in accordance with its purposes to individuals and organisations. No awards were made during the year.

Financial Review

Overview

The charity did not make any awards during the year in view of the decision to wind-up. Expenditure of £1,210 was incurred on charitable activities; £960 for audit fees and £250 for the cost of accountancy, legal and administrative support. Income of £223 was received from interest earned on the funds deposited with Inverclyde Council.

The net deficit of £987 for the year was taken from the unrestricted funds brought forward to give unrestricted funds carried forward of £43,007 plus unchanged permanent endowment funds of £1,923. This entire sum is deposited with Inverclyde Council.

Reserves Policy

The trust has no explicit reserves policy, but the “capital” of the fund is held effectively as a permanent endowment, with only the annual income available for disbursement in the year via the unrestricted reserves. The unrestricted free reserves are available for the objectives of the trust. The unrestricted reserves at the financial year-end were £43,007. The terms of the trust deed are very restrictive which has resulted in a gradual accumulation of reserves over time.

Winding Up

On 9 October 2015, the trustees decided to wind up the trust and transfer all assets to a local charity, Action for Children. OSCR approved the reorganisation scheme in February 2016. The transfer will be made during 2016-2017.

Approved by the trustees on Second June, Two Thousand and Sixteen and signed on behalf of all trustees by:

Provost Robert Moran

Chair of the trustees

This Trustees’ Annual Report is also counter-signed by the Chief Financial Officer of Inverclyde Council in his capacity as the Honorary Treasurer.

Alan Puckrin CPFA

Honorary Treasurer

Lady Alice Shaw Stewart Memorial Fund
Independent Auditor's Report
For the Year ended 31 March 2016

Independent auditor's report to the trustees of Lady Alice Shaw Stewart Memorial Fund and the Accounts Commission for Scotland

We certify that we have audited the financial statements of Lady Alice Shaw Stewart Memorial Fund for the year ended 31 March 2016 under Part VII of the Local Government (Scotland) Act 1973 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standard (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the parties to whom it is addressed in accordance with Part VII of the Local Government (Scotland) Act 1973 and for no other purpose. In accordance with paragraph 125 of the Code of Audit Practice approved by the Accounts Commission for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Respective responsibilities of the trustees and auditor

The trustees are responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Accounts Commission for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts or disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Opinion on other prescribed matter

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We are required by The Charity Accounts (Scotland) Regulations 2006 to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Michael Thomas, (for and on behalf of Grant Thornton UK LLP)
Royal Liver Building
Liverpool
L3 1PS

June 2016

Michael Thomas is eligible to act as an auditor in terms Part VII of the Local Government (Scotland) Act 1973.

Lady Alice Shaw Stewart Memorial Fund
Statement of Financial Activities for the Year ended 31 March 2016

	Unrestricted Funds	Permanent Endowment Funds	Total 2016 (Note 1)	Total 2015 (Note 2)	Further details
	£	£	£	£	
Income from:					
Investments	223	0	223	224	1
Total	223	0	223	224	
Expenditure on:					
Charitable activities					
- Grant funding	0	0	0	221	2
- Support costs	1,210	0	1,210	1,210	3
Total	1,210	0	1,210	1,431	4
Net income/(expenditure)	(987)	0	(987)	(1,207)	
Transfers between funds	0	0	0	0	5
Net movement in funds	(987)	0	(987)	(1,207)	
Reconciliation of funds:					
Total funds brought forward	43,994	1,923	45,917	47,124	
Total funds carried forward	43,007	1,923	44,930	45,917	
<p>The Lady Alice Shaw Stewart Memorial Fund has no recognised gains or losses other than the results for the year as set out above. The activities of the trust are not classed as continuing. The notes on pages 10 to 12 form an integral part of these accounts.</p>					

**Lady Alice Shaw Stewart Memorial Fund
Balance Sheet as at 31 March 2016**

	Total funds 31 March 2016	Total funds 31 March 2015	Further details
	£	£	
Current assets			
Cash at bank	44,930	45,917	6
Current liabilities			
Creditors: Amounts falling due within one year	0	0	
Net current assets	44,930	45,917	
Total net assets	44,930	45,917	
The funds of the charity:			
Endowment funds	1,923	1,923	
Unrestricted funds	43,007	43,994	
Total charity funds	44,930	45,917	
The notes on pages 10 to 12 form an integral part of these accounts.			
Approved 02 June 2016:			
Provost Robert Moran Chair of the trustees	Alan Puckrin CPFA Honorary Treasurer		

Lady Alice Shaw Stewart Memorial Fund

Notes to the Accounts

Note 1 Accounting Policies

1.1 Basis of Preparation and Assessment of Going Concern

(a) The accounts (financial statements) have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounting in accordance with the Financial Reporting Standard for smaller entities published on 16th July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

(b) These accounts have been prepared on the basis of historic cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to the accounts.

(c) The accounts for 2016 are for the twelve month period 1 April 2015 to 31 March 2016. Figures for 2015 are shown as appropriate for purposes of comparison. The prior year figures cover a twelve month period ended 31 March 2015.

(d) The accounts are prepared on a 'discontinuing basis' as the Trustees have decided to wind up the Trust with the intent to transfer its assets to another local charity within 12 months of the signing of the financial statements.

1.2 Funds Structure

Unrestricted income funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable activities. The permanent endowment fund was created by the gift of a capital sum from the trustees of the Female Branch of the Greenock Discharged Prisoners Aid Society under a minute of agreement dated 3 July 1947. Interest on the capital sum is to be used "to give monetary or other assistance to females recommended by the Probation Officer of the Burgh of Greenock".

1.3 Income Recognition

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of the income can be measured reliably. Where incoming resources have related expenditure, the incoming resources and related expenditure are reported gross in the statement of financial activities.

Interest on deposits with Inverclyde Council is recognised in the accounts when receivable.

1.4 Expenditure Recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to the expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

1.5 Irrecoverable VAT

The charity is not registered for VAT. Irrecoverable VAT is charged against the expenditure heading for which it was incurred. The charity is not liable to income tax or capital gains tax on its charitable activities.

1.6 Support Costs

All support costs relate to charitable activities. Support costs include the costs of preparation and audit of the statutory accounts, the cost of trustee meetings and the cost of any legal advice to trustees on governance matters.

1.7 Charitable Activities

The cost of charitable activities includes grants made and support costs related to governance.

Note 2 Grant Funding

The charity did not make any awards during the year in view of the decision to wind-up. The trustees agreed at the meeting of 9 October 2015 that all assets be transferred to Action for Children. OSCR approved the reorganisation and winding up in February 2016. The transfer will take place in 2016-2017.

Action for Children [AfC] has agreed that the transferred assets will be used to provide:

- short term funding of the provision by AfC of a support/mentoring service for women involved in offending in particular, funding 1.5 full time practitioner posts in the year 2016 to 2017; and
- the continued administration of a small awards scheme of the type presently undertaken by the Lady Alice Shaw Stewart Memorial Fund.

	2016 £	2015 £
Grants to Organisations	0	0
Grants to Individuals	0	221
Total for Reporting Period	0	221

Note 3 Support Costs

	2016 £	2015 £
Audit Fee* ¹	960	960
Charges from Inverclyde Council for accountancy and legal support* ²	250	250
Total for Reporting Period	1,210	1,210

*¹ An audit is a statutory requirement for local authority charities, irrespective of turnover and assets.
*² Lady Alice Shaw Stewart Memorial Fund has no staff. All support functions are provided by Inverclyde Council.

Note 4 Total Resources Expended

2016	Basis of Allocation	Unrestricted Funds		2016 Total £
		Grants Funding £	Support Costs £	
Awards & Contributions	Direct	0	0	0
Auditors Fee	Direct	0	960	960
Charge from Inverclyde Council	Direct	0	250	250
Total for Reporting Period		0	1,210	1,210

2015	Basis of Allocation	Unrestricted Funds		2015
		Grants Funding £	Support Costs £	Total £
Awards & Contributions	Direct	221	0	221
Auditors Fee	Direct	0	960	960
Charge from Inverclyde Council	Direct	0	250	250
Total for Reporting Period		221	1,210	1,431

Note 5 Transfers between Funds

There are no transfers. OSCR has agreed, as part of the reorganisation scheme, that all funds (both Unrestricted Funds and the Endowment Fund) can be transferred to Action for Children.

Note 6 Cash at Bank

During the year the trust's balances were held by Inverclyde Council. The Council acts as the banker for the charity and all transactions incoming and outgoing are made via the Council's bank accounts. The balance is repayable on demand. Interest is paid on balances.

	2016 £	2015 £
Balance at 31 March	45,917	47,124
Funds placed on deposit	223	224
Funds withdrawn	(1,210)	(1,431)
Balance at 31 March	44,930	45,917

Note 7 Related Parties and Trustees' Expenses and Remuneration

No trustees were remunerated during the year or any persons connected with them during the year (2015: Nil), nor was there any requirement for any expenses to be paid (2015: Nil).

The trustees are the elected members of Inverclyde Council. The Council provided support services at a cost of £250 (2015: £250). During the year, the charity received interest of £223 from the Council (2015: £224). At the year-end, cash of £44,930 was held by Inverclyde Council for the charity (2015: £45,917).



Inverclyde
council

Finance Services, Municipal Buildings, Greenock PA15 1LY
Tel: 01475 712090 Fax: 01475 712202 www.inverclyde.gov.uk

The Trustees of the Lady Alice Shaw Stewart Memorial Fund
Inverclyde Council
Municipal Building
Cathcart Street
Greenock
PA15 1LY

6 May 2016

Dear Sirs

Introduction

Under section 106 of the Local Government (Scotland) Act 1973, charitable trusts where a council is the sole trustee require a full audit in line with the Charities and Trustee Investment (Scotland) Act 2005.

Audit Scotland appointed Grant Thornton UK LLP as the auditor of all charitable trusts at Inverclyde Council (the Council) which meet the section 106 criteria.

Following an Office of the Scottish Charity Regulator (OSCR) authorised decision to wind up the Lady Alice Shaw Stewart Memorial Fund (the Fund), a transfer of funds to Action for Children is due to take place in 2016/17. The 2015/16 financial statements were therefore prepared on a 'break up' basis.

Our annual audit report is addressed to those charged with governance for the Fund and the Controller of Audit. The report summarises our opinion and conclusions on significant issues arising from our audit.

The Trustee's Responsibilities

It is the responsibility of the Trustee's (the Council) and the Accountable Officer to prepare the financial statements in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice to charities preparing their accounts in accordance with the Financial Reporting Standard for Smaller Entities (the FRSSE SORP).

This means the Trustee's must:

- prepare financial statements which give a true and fair view of the financial position of the Fund and its income and expenditure for the period to 31 March 2016.
- ensure accounts are prepared in line with the Charities and Trustee Investment (Scotland) Act 2005
- maintain proper accounting records which are up to date
- take steps to prevent and detect fraud and other irregularities.

Our Responsibilities

We have been appointed as auditor of the Lady Alice Shaw Stewart Memorial Fund (the Fund) as part of the Audit Scotland Code of Practice (the Code). We are required to report whether, in our opinion, the Funds' financial statements present a true and fair view of the financial position.

Our audit of the financial statements is not designed to identify all matters that may be relevant to those charged with governance. Weaknesses or risks are only those that have come to our attention during our normal audit work and may not be all that exist.

Grant Thornton UK LLP
Royal Liver Building
LIVERPOOL
L3 1PS

T +44 (0)161 214 6368

www.grant-thornton.co.uk

Under the requirements of the International Standard of Auditing (UK and Ireland) ('ISA') 260: Communication with those charged with governance, we are required to communicate audit matters arising from the audit of the financial statements to those charged with governance (the Council as Trustees). This annual report to the Council, together with our Audit Plan previously reported to the Council, discharges our ISA 260 commitments.

Communication of the matters arising from our audit work does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

A reminder of our approach

We operate a risk based audit approach. The starting point for our audit was to consider the inherent risks to the Fund and how these may result in a material misstatement in the accounts. There are two presumed significant risks which are applicable to all audits under International Standards on Auditing (ISA 240) which are listed below:

- Revenue cycles include fraudulent activities
- Management override of controls.

Due to the nature of the balances we have conducted a wholly substantive approach and tested all balances above performance materiality. As part of our testing we considered the risk of management override of controls and did not identify any issues.

We considered all disclosures in the financial statements and ensure compliance with the FRSSE SORP and whether disclosures are consistent with the information gathered from our audit work.

We did not identify any new areas of risk or change our approach over the course of the audit.

Materiality

We outlined in our Audit Plan that the auditor is required under ISA 320 to establish a level of overall materiality and performance materiality. Performance materiality is defined by ISA 320 as the amount set for the financial statements as a whole to reduce the probability of the aggregate uncorrected and undetected misstatements exceeds materiality.

Overall materiality is set for the financial statements as a whole and is based on our perception of the needs of users of the financial statements. When calculating materiality we have judged that for the Fund, gross expenditure is an appropriate benchmark as there is very little activity on the Fund.

We have applied an overall materiality of £29 (2%) to the benchmark figure as reported in the draft accounts. Performance materiality is based on our experience of the Fund in prior years and has been set at £21 (75%) of materiality for the Fund.

In addition to the guidance on materiality ISA 450 requires the auditor to accumulate and report misstatements identified during the audit, other than those that are clearly trivial. For the purposes of the audit of the Fund we have set a trivial level of 5% of materiality.

Our Review of the Financial Statements

The draft financial statements were of good quality and we identified no significant errors or misstatements.

As part of our work on the financial statements we are required to review the narrative elements. We review the narrative elements of the financial statements for compliance with required FRSSE SORP disclosures, for consistency with other areas of the financial statements and our knowledge of the Fund.

We have reviewed the narrative commentary and disclosures against the requirements of the FRSSE SORP and agreed some minor changes to improve presentation.

Our audit is substantially complete although we are finalising our procedures in the following areas:

- review of the final version of the Fund's financial statements
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

Financial Statements Opinion

Our audit did not identify any adjustments and there were no unadjusted misstatements in the primary financial statements of the Fund.

Subject to the satisfactory completion of our testing, we intend to issue an unqualified opinion on the financial statements of the Fund.

Other Communication Requirements

In respect to written representations, disclosures, matters in relation to fraud, laws and regulations, related parties we have nothing to report.

We have considered the factors, which may reasonably be brought to bear on the firm's independence and the objectivity of the audit engagement lead and all audit staff, and ensured that appropriate safeguards are in place. We confirm that in our professional opinion, the firm is independent under regulatory and professional rules and the objectivity of the audit engagement lead, Mike Thomas and the audit staff assigned to the Fund's audit is not impaired.

Acknowledgement

Finally, we would like to take this opportunity to record our appreciation for the kind assistance provided to us by the Council staff during our audit.

Yours faithfully

Mike Thomas

For Grant Thornton UK LLP

Chartered Accountants

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions. Please see www.grant-thornton.co.uk for further details.